

June 2, 1978

AMERICAN ECONOMY: SLIGHT IMPROVEMENT

ANNCR: THE LATEST U.S. GOVERNMENT ECONOMIC FIGURES SHOW A SLIGHT IMPROVEMENT IN THE AMERICAN ECONOMIC OUTLOOK. VOA'S DAVID HYATT HAS DETAILS IN THIS BACKGROUND REPORT:

VOICE: U.S. WHOLESALE PRICES ROSE SEVEN-TENTHS OF ONE PERCENT IN MAY -- A DRAMATIC IMPROVEMENT OVER APRIL WHEN PRICES JUMPED ONE-POINT-THREE PERCENT. THE GOVERNMENT REPORTED THAT WHOLESALE PRICES BEGAN TO MODERATE LAST MONTH BECAUSE VOLATILE FOOD PRICES LEVELED OFF. FOOD PRICE INCREASES DECELERATED CONSIDERABLY, WHICH COULD BE GOOD NEWS FOR AMERICAN SHOPPERS.

EVEN WITH THE POTENTIAL SLOWDOWN OF THE INFLATION RATE, THE OVER-THE-YEAR INCREASE IN WHOLESALE PRICES IS SEVEN PERCENT -- A SIGNIFICANT INCREASE FROM THE SIX-POINT-FOUR PERCENT RATE AT THIS TIME LAST YEAR. BUT THE SLOWDOWN DOES INDICATE THAT IT MAY BE PREMATURE TO PREDICT DOUBLE-DIGIT INFLATION THIS YEAR.

THERE WAS OTHER ENCOURAGING ECONOMIC NEWS COMING FROM WASHINGTON THIS WEEK. A GOVERNMENT INDEX DESIGNED TO PREDICT ECONOMIC ACTIVITY ROSE FIVE-TENTHS OF ONE PERCENT IN APRIL, CONFIRMING PROJECTIONS THAT THE AMERICAN ECONOMY IS REBOUNDED SHARPLY FROM A BAD WINTER.

AND THE LABOR DEPARTMENT REPORTED FRIDAY THAT THE AMERICAN WORK FORCE SURPASSED THE ONE HUNDRED MILLION MARK FOR THE FIRST TIME. HOWEVER, THE UNEMPLOYMENT RATE FOR MAY WAS SIX-POINT-ONE PERCENT, SLIGHTLY HIGHER THAN APRIL'S SIX PERCENT. THIS IS STILL A SIGNIFICANT IMPROVEMENT FROM A YEAR AGO, WHEN THE UNEMPLOYMENT RATE WAS SEVEN-POINT-ONE PERCENT. THE DECREASE LARGELY REFLECTS THE IMPACT OF THE CARTER ADMINISTRATION'S JOBS PROGRAMS.

THE UNEMPLOYMENT RATE FOR TEENAGERS CONTINUED TO INCH DOWN SLIGHTLY. THE JOBLESS RATE FOR BLACK AND WHITE WOMEN WAS SLIGHTLY

HIGHER, WHILE THE RATE FOR BLACK AND WHITE MEN WAS UNCHANGED FROM APRIL. BLACK TEEN-AGE UNEMPLOYMENT CONTINUES TO BE A PERSISTENT PROBLEM FOR THE CARTER ADMINISTRATION, WHICH HAS BEEN ATTEMPTING TO TARGET MORE JOBS FOR BLACK TEENAGERS.

WITH UNEMPLOYMENT IN THE UNITED STATES LEVELING OFF AT AROUND SIX PERCENT, THE CARTER ADMINISTRATION IS LIKELY TO CONTINUE VIEWING INFLATION AS THE NATION'S NUMBER ONE PROBLEM.

JS